



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0237	Title:	Revise vehicle transfer fees for vehicles transferred to certain trusts
Primary Sponsor:	Caferro, Mary	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$41,600	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$69,626)	(\$69,626)	(\$69,626)	(\$69,626)
State Special Revenue	(\$5,615)	(\$5,615)	(\$5,615)	(\$5,615)
Net Impact-General Fund Balance	<u>(\$111,226)</u>	<u>(\$69,626)</u>	<u>(\$69,626)</u>	<u>(\$69,626)</u>

Description of fiscal impact:

HB 237 creates a new \$25 fee for ownership transfer to a trust. The estimated general fund revenue increase (\$28,075) due to this new fee would be offset by a decrease in registration fees (\$97,701 decrease in general fund and \$5,615 decrease in state special revenue). The actual decrease in revenue is dependent on the type and volume of transactions and data is not available to assist in estimating the lost revenue. Operating expenses in FY 2010 would be increased due to programming costs. The estimated net annual fiscal impact would be a decrease in general fund (\$69,626) and state special revenue (\$5,615).

HB 237 is one of several bill drafts that seek to modify motor vehicle laws and therefore the motor vehicle licensing system (MERLIN). The fiscal note for each bill will be prepared based on the effect of the individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill will require additional analysis and may provide opportunities to share or redistribute costs.

FISCAL ANALYSIS

Assumptions:

Department of Justice

1. Effective January 1, 2010, HB 237 provides for the transfer of vehicle ownership from an individual(s) to the individual's trust without payment of registration fees during the registration period for motor vehicles, travel trailers, motorcycles, quadricycles, trailers, semitrailers, and pole trailers.
2. An online downloadable form would be made available to attorneys for application to transfer the ownership of motor vehicles to the owner's trust. The cost of form development, design, and application to the web would be negligible.
3. Montana Enhanced Registration and Licensing Information Network (MERLIN) will need to be programmed to collect and distribute the \$25 transfer fee and record the transfer of ownership without impacting the registration period or requiring the payment of the registration fees at the time of ownership transfer to the trust. Programming changes will be contracted by Justice Information Technology Services Division to its contractor. It is estimated that it will take 260 hours to make the programming changes for a total cost of \$41,600.
4. In CY 2007, 112,258 transactions occurred where the vehicle ownership transferred within the registration period. It is assumed that the vehicle ownership transfer within the registration period is representative of the activity in a fiscal year.
5. If 1 percent of the 112,258 transactions annually changed the ownership to a trust, approximately \$28,075 in general fund revenue would be generated annually [$112,258 \times 0.01 = 1,123$ transactions \times \$25 = \$28,075].
6. It is assumed that the title fee, current law, would be paid upon transfer in addition to the \$25 fee in HB 237.
7. Data is not available to determine the count for the number of motor vehicles, travel trailers, motorcycles, quadricycles, trailers, semitrailers, and pole trailers where the ownership would be transferred to a trust; therefore, it is assumed that all transactions will be a mid-tier light motor vehicle 5 years old.
8. If a mid-tier light motor vehicle (car 5 years old) ownership were transferred to a trust after the effective date of HB 237, the following fees would not be collected: light vehicle registration fee \$87.00 (general fund); MHP salary and retention fee \$5.00 (state special revenue); GVW, if applicable, varies \$7.00 to \$17.50 depending on class; and county option tax varies (retained by the county). This would result in a decrease of \$87.00 in general fund and \$5.00 in state special revenue per vehicle.
9. It is estimated that the general fund revenue would decrease \$97,701 [$1,123$ transactions \times \$87.00 = \$97,701] and MHP salary and retention state special revenue \$5,615 [$1,123$ transactions \times \$5.00 = \$5,615] each year through the 2013 biennium.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$41,600	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$41,600	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$41,600	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	(\$69,626)	(\$69,626)	(\$69,626)	(\$69,626)
State Special Revenue (02)	(\$5,615)	(\$5,615)	(\$5,615)	(\$5,615)
TOTAL Revenues	(\$75,241)	(\$75,241)	(\$75,241)	(\$75,241)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$111,226)	(\$69,626)	(\$69,626)	(\$69,626)
State Special Revenue (02)	(\$5,615)	(\$5,615)	(\$5,615)	(\$5,615)

Effect on County or Other Local Revenues or Expenditures:

- Counties would experience a decrease in county option taxes. The impact would be relative to the vehicle valuation and applicable county option tax rate.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date